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LISTING STATEMENT No. 2308

LISTED JULY 26, 1968

520,000 common shares without par value, of which 44,000 shares are subject to issuance.

Stock Symbol "GMI"

Post Section 10

Dial Quotation No. 1302

THE TORONTO STOCK EXCHANGE

LISTING APPLICATION

GALT MALLEABLE IRON LIMITED

Incorporated under the laws of the Province of Ontario by
Letter Patent dated June 11, 1956

CAPITALIZATION AS OF APRIL 11, 1968

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
6% cumulative sinking fund first preference shares of par value of \$100. each, redeemable at up to \$105. per share	2,866	366	NIL
6¼% cumulative participating second preference shares of par value of \$100. each, redeemable at up to \$105. per share	834	334	NIL
Common shares without par value	800,000	476,000	520,000
FUNDED DEBT			
5¼% First Mortgage sinking fund bonds due July 1, 1976	\$500,000.	\$305,000.	NIL
5½% General Mortgage sinking fund bonds due July 1, 1981	\$500,000.	\$278,000.	NIL

April 15, 1968

1. APPLICATION

Galt Malleable Iron Limited (hereinafter called the "Company") hereby makes application for the listing on the Toronto Stock Exchange of 520,000 common shares without par value in the capital stock of the Company, of which 476,000 have been issued and are outstanding as fully paid and non-assessable. The remaining 44,000 common shares included in this application have been reserved as to 40,000 of such shares under an outstanding option to the Chairman of the Board of the Company at \$.75 per share, which option expires September 1, 1971, and as to 4,000 of such shares under an outstanding option to an employee of the Company, Mr. A. Jones.

(Note: Since the filing of this application, both of these options have been exercised for the entire number of shares covered by them).

2. HISTORY

The Company was incorporated on June 11, 1956 under the laws of the Province of Ontario to acquire as a going concern all the assets of Galt Malleable Iron Company, Limited.

Galt Malleable Iron Company, Limited was incorporated on March 26, 1906 under the laws of the Province of Ontario. Using local capital, this corporation was founded to produce malleable iron castings, particularly railroad castings during the then prevailing railway expansion programme. With the decline in railway building, in 1917 the corporation diversified its business by entering the agricultural implement field as well as general jobbing. In 1929, the corporation acquired the assets and business of A. D. Porter Manufacturing Company, a Galt firm manufacturing plumbers stamped brass products.

Further diversification has led the present Company to be operated with two main divisions, a Foundry division and a hardware division, whose products are outlined below. These two divisions and the head office of the Company are located in the City of Galt, the foundry division having some 60,000 square feet of manufacturing space and the hardware division some 20,000 square feet. There is also a wholly controlled subsidiary, Galt-Brantford Malleable Limited, operating a foundry in Brantford Township. Further particulars concerning this subsidiary are shown under Item 9.

NATURE OF BUSINESS

The Foundry Division manufactures malleable iron castings in the weight range of one to fifteen pounds. The major types are as follows:

- (a) Automotive castings—manufactured for original equipment manufacturers and feeder plants in both Canada and the United States.
- (b) Agricultural implement castings—manufactured for original equipment manufacturers and feeder plants in both Canada and the United States.
- (c) Electrical Power Transmission Hardware—sold to suppliers of high voltage transmission line equipment in Canada.
- (d) Construction items—a wide range of fasteners and anchoring castings used in concrete form erection is manufactured and sold through hardware specialty suppliers.

The foundry division also makes a diverse range of castings for numerous types of industries throughout Canada.

The Hardware Division markets its products by direct sales and by outside sales representation, commission and manufacturers agents throughout Canada. Distribution is either direct to manufacturers or through wholesale outlets. There is a modest export business to the United Kingdom and to the Carribean countries. The main products are as follows:

- (a) Plumbers accessories—sink and laundry tray strainers, fasteners and decorative flanges are manufactured and sold, through wholesale houses and to original equipment manufacturers.
- (b) Wire Rope Clips and Thimbles—are manufactured and sold direct to original equipment manufacturers and through wholesale hardware houses.
- (c) Awning, Tent and Marine Hardware—is manufactured and sold direct to manufacturers of awnings, tents and pleasure boats. To reinforce this line, numerous supplies such as fabrics, liquid preservatives and fasteners are purchased for resale to the above accounts.
- (d) Truck Body Hardware—Stake rack body fasteners, and trailers van lock hardware is manufactured and sold direct to original equipment manufacturers and also to truck hardware wholesale outlets.

The hardware division services approximately 500 accounts, the foundry division approximately 100 accounts. Because of the diversity of the Company's products, it would not be practicable to outline productivity on a physical units basis. Productivity is indicated by the annual sales figures as follows:

SALES FIGURES:	FOUNDRY DIVISIONS	HARDWARE DIVISION	TOTAL
1962	1,189,888	1,036,529	2,226,417
1963	1,513,920	1,178,524	2,692,444
1964	1,857,492	1,279,322	3,136,814
1965	2,044,487	1,347,112	3,391,599
1966 (14 month period)	3,450,801	1,665,930	5,116,731
1967	3,787,594	1,440,762	5,228,356

The Company and its subsidiaries have 350 employees.

INCORPORATION

The Company was incorporated under the laws of the Province of Ontario by Letters Patent dated June 11, 1956, and its original authorized capital was as follows:

- 5,000 — 6% cumulative redeemable First Preference Shares with par value of \$100. each
- 500 — 6¼ % cumulative redeemable Second Preference Shares with par value of \$100. each.
- 150,000 — Common shares without par value.

By Supplementary Letters Patent dated July 30, 1956, the authorized capital was increased to the following:

- 5,000 — 6% cumulative redeemable First Preference Shares with par value of \$100. each.
- 2,500 — 6¼ % cumulative redeemable Second Preference Shares with par value of \$100. each.
- 200,000 — Common Shares without par value.

By Supplementary Letters Patent dated December 8, 1966, the authorized and issued common shares were subdivided on a four for one basis, so that the present authorized common shares without par value number 800,000 of which 476,000 are issued.

5. SHARE ISSUES DURING PAST TEN YEARS

(a) Common shares without par value issued during the past ten years:

DATE OF ISSUE	NUMBER OF SHARES ISSUED	AMOUNT FOR SHARE REALIZED	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
May 4, 1966	3,000	\$8.87	\$26,610	Exercise of Officers Option.
July 7, 1966	5,000	\$3.00	\$15,000	Exercise of Directors Option.
June 16, 1966	5,000	\$2.00	\$10,000	Exercise of Officers Option.
June 16, 1966	5,000	\$4.00	\$20,000	Exercise of Officers Option.
	1,000	Nil	Nil	Bonus given on sale of preference shares of subsidiary Galt-Brantford Malleable Limited.

Note: Subsequent to the filing of this application, and on May 1, 1968, an option was exercised by the Chairman of the Board of the Company, for the issuance to him of an additional 40,000 Common Shares at the option price of \$.75 per share. On July 1, 1968, an employee of the Company exercised his option for the issuance of 4000 Common Shares. The total amount to be realized on this latter issue, based on a formula involving book value and market value, is yet to be calculated.

(b) Neither First Preference Shares nor Second Preference Shares have been issued in the past ten years.

6. STOCK PROVISIONS AND VOTING POWERS

(a) The holders of the First Preference Shares shall be entitled to receive as and when declared by the directors, fixed preferential cumulative cash dividends at the rate of 6% per annum, and no more, payable quarterly on the 1st day of January, April, July and October in each year. The holders of First Preference shares have no voting rights unless and until the Company fails for a period aggregating two years to pay the dividend on such shares; whereupon they are entitled to one vote for each First Preference share then held. Such shareholders have a preference on dissolution or winding up and the stock is redeemable on thirty (30) days' notice at \$105.00, plus any accrued dividends. There is a sinking fund provision as set out in the Letters Patent filed herewith.

(b) Subject to the rights of the holders of First Preference shares, Second Preference Shareholders are entitled as and when declared by the directors to a 6¼% fixed preferential cash dividend, payable quarterly on the first days of January, April, July and October of each year. After the fixed dividends on First and Second Preference shares have been paid, the holders of Second Preference shares shall be entitled to an additional dividend in each year of 25c per share for each dividend of 5c or part thereof, paid on Common shares, until such additional dividends on the Second Preference shares shall equal \$1.75, after which they shall not be entitled to participate in any further dividends in any financial year. The holders of the Second Preference shares have no voting rights, unless and until the Company fails for a period of aggregating two years to pay the fixed dividends on such shares; whereupon they are entitled to one vote for each Second Preference share then held. In the event of dissolution or winding up, the Second Preference Shareholders shall be entitled to receive the return of their capital, plus 5% dividend after payment to the First Preference Shareholders and in priority to any distribution on any junior security. There is a similar provision for redemption to that carried by the First Preference shares.

(c) The holders of Common shares are entitled to one vote for each share held at all meetings of shareholders.

7. DIVIDEND RECORD

The Company has not paid any dividend on its Common shares in the ten preceding years.

On the First Preference shares, the Company paid dividends quarterly on the 1st day of January, April, July and October in the years 1957 and 1958 and on the 1st days of January and April in 1959. These dividends were paid at the quarterly rate of 1½% so that each of these dividends was \$1.50 per share. On July 3, 1968, the Company paid dividends on its First Preference shares at \$55.50 per share, thus bringing the dividends on such shares up-to-date, up to and including the first day of July, 1968.

On the Second Preference shares, the Company paid dividends quarterly on the 1st days of January, April, July and October in the years 1957 and 1958 and on the 1st days of January and April, 1959. These dividends were paid at the quarterly rate of 1.5625%, so that each dividend mentioned was for \$1.56 per Second Preference share except those dividends paid October 1, 1957 and October 1, 1958 which were \$1.57 per share. On July 3, 1968 the Company paid dividends on its Second Preference shares of \$57.80 per share, thus bringing the dividends on such shares up-to-date, up to and including the 1st day of July, 1968.

8. RECORD OF PROPERTIES

The Company does not own any properties or plant, but leases same from its wholly owned subsidiary G.M.I. Properties Limited.

G.M.I. Properties Limited owns and leases the Company, its factory premises consisting of approximately 80,000 square feet of manufacturing space, located on land of 4¼ acres. The buildings are of stone, concrete and brick and in good condition, and are located at 60 Kerr Street, in the City of Galt, Ontario. G.M.I. Properties Limited also owns and leases to the Company the machinery and equipment used in the foundry and hardware divisions. The foundry has a capacity of 5,000 tons a year.

A wholly controlled subsidiary, Galt-Brantford Malleable Limited, owns 17.3 acres in the First Concession, Township of Brantford, on Powerline Road some four miles from Brantford. On this property is a one-storey foundry building of 36,000 square feet, constructed of steel and transite siding. This mechanized malleable iron foundry is well equipped and has a capacity of 6,000 tons per year. G.M.I. Properties Limited owns approximately 100 acres adjacent to this plant, a great portion of which is suitable for industrial usage.

9.

SUBSIDIARY COMPANIES

(a) Galt-Brantford Malleable Limited was incorporated under the laws of the Province of Ontario by Letters Patent dated the 13th day of June, 1965, with an authorized capital of one million dollars, divided into 896 class "A" non-voting preference shares with a par value of \$1000. each, 4000 Class "B" preference shares with a par value of \$1.00 each, and 4000 common shares without par value. Of these three common shares have been issued as incorporator's shares at a consideration of \$1.00 each, and are owned by Galt Malleable Iron Limited, 890 Class "A" non-voting preference shares have been issued, 500 of them to Galt Malleable Iron Limited. Thirty Class "A" non-voting preference shares were redeemed as of May 1, 1968, (not, however, those held by Galt Malleable Iron Limited) thus reducing the number of this class of share outstanding to 860. All the Class "A" non-voting preference shares have been issued for cash at par. No Class "B" preference shares have been issued.

The Galt-Brantford Malleable Limited foundry was established in a designated area as defined under the Income Tax Act and Department of Industry Act. It commenced operations in 1966 with its mechanized malleable iron foundry designed for high volume production of a select range of castings, and particularly serving the automotive and agricultural industries. Approximately two-thirds of its output is exported to the United States.

(b) G.M.I. Properties Limited was incorporated under the laws of the Province of Ontario by Letters Patent dated the 15th day of October, 1964, with an authorized capital of \$40,000 divided into 3200 Class "A" non-voting preference shares with a par value of \$10 each, 4000 Class "B" preference shares with a par value of \$1.00 each and 400 common shares without par value. Of these, 1,003 common shares without par value only have been issued. Three of them have been incorporators shares issued at \$1.00 each and 1,000 having been issued at 10c per share all of which issued shares are owned by Galt Malleable Iron Limited.

G.M.I. Properties Limited does not carry on any trading or manufacturing but holds the property and plant in the City of Galt used by Galt Malleable Iron Limited and leases same to its parent Company.

10.

FUNDED DEBT

The Company's funded debt consists of:

(a) DESCRIPTION OF ISSUE	AGGREGATE AMOUNT	PRINCIPAL AMOUNT OUTSTANDING	MATURING DATE	INTEREST DATES
	AUTHORIZED AND ISSUED			
5¼ % First Mortgage Sinking Fund Bonds	\$500,000	\$305,000	July 1, 1976	1st January 1st July
5½ % General Mortgage Sinking Fund Bonds	\$500,000	\$278,000	July 1, 1981	1st January 1st July

(b) Redemption.

The First Mortgage bonds shall be redeemed by the Company at its option, in whole at any time or in part from time to time prior to maturity, upon payment of a redemption price equal to the principal amount thereof plus a premium of 1% if redeemed on or before July 1, 1971, or without premium if redeemed thereafter and before maturity, together in any case with accrued interest to the date of redemption.

The General Mortgage bonds shall be redeemed by the Company at its option, in whole at any time or in part from time to time prior to maturity, upon payment of a redemption price equal to the principal amount thereof plus a premium if redeemed on or prior to July 1, 1976 of 5% less one quarter of one per centum for each year or fraction thereof from July 1, 1957 to the date of redemption, or without premium if redeemed after July 1, 1976, together in each case with accrued interest to the date of redemption.

(c) Security.

The 5¼ % First Mortgage Sinking Fund Bonds, in the opinion of counsel, are secured by

- a first fixed and specific mortgage and charge on the 4¼ acres of land and premises situate in Galt, and on the machinery and equipment, all of which at the time of the creation of the charge belonged to the Company but now belongs to its subsidiary G.M.I. Properties Limited.
- a first floating charge under the laws of the Province of Ontario on the undertaking and all the other properties and assets of the Company now owned or hereafter acquired, (other than those specifically charged),
- the unconditional guarantee of G.M.I. Properties Limited, which guarantee is collaterally secured by a first fixed and specific mortgage of all real property owned or thereafter acquired by G.M.I. Properties Limited and a first floating charge on its undertaking.

The 5½ % General Mortgage Sinking Fund Bonds, in the opinion of Counsel, are secured by

- Subject to the prior security created by the 5¼ % First Mortgage Bonds, a fixed and specific mortgage and charge on the 4¼ acres of lands and premises situate in Galt, and on the machinery and equipment, all of which at the time of the creation of the charge belonged to the Company but now belongs to its subsidiary G.M.I. Properties Limited.

- (ii) Subject to the prior security created by the 5¼ % First Mortgage Bonds, a floating charge under the laws of the Province of Ontario on the undertaking and all the other properties and assets of the Company now owned or hereafter acquired, (other than those specifically charged),
- (iii) the unconditional guarantee of G.M.I. Properties Limited, which guarantee is collaterally secured by a fixed and specific mortgage (subject to the prior security created in favour of the 5¼ % First Mortgage Bonds) of all real property owned or thereafter acquired by G.M.I. Properties Limited and a floating charge on its undertaking.

(d) G.M.I. Properties Limited has no funded debt, although it has unconditionally guaranteed the obligations of Galt Malleable Iron Limited under the 5¼ % First Mortgage Sinking Fund Bonds and the 5½ % General Mortgage Sinking Fund Bonds, and has unconditionally guaranteed the 6¼ % First Mortgage Income Bonds and the 6½ % income bonds issued by Galt-Brantford Malleable Limited. These guarantees are secured by fixed and floating charges on the lands machinery and equipment of G.M.I. Properties Limited.

(e) The funded debt of Galt-Brantford Malleable Limited consists of

DESCRIPTION OF ISSUE	AGGREGATE AMOUNT AUTHORIZED AND ISSUED	PRINCIPAL AMOUNT OUTSTANDING	MATURITY DATE	INTEREST DATE
6¼ % First Mortgage Income Bonds	\$1,000,000	\$860,000	January 15, 1974	January 15 April 15 July 15 October 15
6½ % First Mortgage Income Bonds	100,000	\$ 82,000	January 15, 1974	January 15 April 15 July 15 October 15

(f) The 6¼ % First Mortgage bonds of any series issued under the debenture shall be redeemed by the Company at its option, in whole or in part, at any time or from time to time before maturity, at any time after the expiration of three years after the date of certification of the first bond of the particular series. The redemption price is the principal amount plus a premium of 6% if redeemed at any time during the fourth year following the date of certification of the first bond of the series, and the premium thereafter decreases by 1% of the principal amount for each year commenced or elapsed after such 4th year, but never less than 2% of the principal amount. No income bond is redeemable unless all accrued interest is fully paid.

The redemption provision relating to the 6½ % First Mortgage income bonds are identical to the foregoing provisions on the 6¼ % First Mortgage Income Bonds.

(g) The 6¼ % First Mortgage Income Bonds and the 6½ % First Mortgage Income Bonds in the opinion of Counsel, are secured by

- (i) a fixed and specific first charge and mortgage on Galt-Brantford Malleable Limited a property consisting of the 17.3 acres of land and premises in the Township of Brantford and on the machinery and equipment more particularly listed in the Deed of Trust and Mortgage securing the same.
- (ii) a first floating charge on the undertaking of Galt-Brantford Malleable Limited, and all its property rights and assets, both present and future.
- (iii) an unconditional guarantee by Galt Malleable Iron Limited and by G.M.I. Properties Limited respectively, of all obligations of Galt-Brantford Malleable Limited under the aforesaid 6¼ % First Mortgage Income Bonds and 6½ % First Mortgage Income Bonds. These guarantees are in each case collaterally secured by debentures of Galt Malleable Iron Limited and G.M.I. Properties Limited, respectively, containing both fixed and floating charges.

11. OPTIONS

There are two outstanding options on shares of the Company, and none outstanding with respect to its subsidiaries.

One outstanding option on shares of Galt Malleable Iron Limited is in favour of D. L. Chandler, Chairman of the Board and a Director, covering 40,000 common shares at 75¢ per share. This option expires September 1, 1971. The other outstanding option on shares of the Company is in favour of Mr. A. Jones, an employee, covering 4000 common shares at a price of half of the sum of ⅔ of the market value and ⅓ of book value, as at the date of exercise.

(Note: Since the filing of this application, both these options have been exercised in full. Mr. D. L. Chandler took up his option for 40,000 common shares on May 1, 1968 and Mr. Jones his option for 4000 common shares on July 1, 1968)

There are no underwriting agreements outstanding. There are no issued shares of the Company held for the benefit of the Company.

12. LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other stock exchanges.

13. STATUS UNDER SECURITIES ACT

Particulars of any filing registration, approval or qualification with or by the Ontario Securities Commission or any corresponding government body or authority are as follows:

The Ontario Securities Commission issued four official receipts each dated July 16, 1956 and acknowledging receipt of material required under the Securities Act (Ontario) in reference to the following respective offerings:

- (a) \$250,000. 6% cumulative redeemable sinking fund first preference shares.
- (b) \$200,000. 6¼ % cumulative participating redeemable second preference shares.
- (c) \$300,000. 5¼ % first mortgage sinking fund bonds
- (d) \$300,000. 5½ % general mortgage sinking fund bonds.

Under date of May 31, 1966, the Ontario Securities Commission gave its approval under Section 19(2) of the Securities Act, Ontario to the offering by the Company to its existing common shareholders of an additional 25,000 common shares of the Company at a price of \$10. per share, with a provision that any such shares not subscribed for by the common shareholders under the offering might be subscribed for by the Directors.

14. FISCAL YEAR END

The fiscal year of the Company ends on the 31st day of December in each year

15. ANNUAL MEETINGS

The bylaws of the Company provide that the annual meeting of the Company shall be held at the head office of the Company or elsewhere but not out of Ontario, on such date in each year as the Board of Directors may by resolution determine. The last annual meeting of shareholders of the Company was held April 27, 1967.

16. HEAD AND OTHER OFFICES

The head office of the Company is located at 60 Kerr Street, in the City of Galt, Ontario, Canada. The Company has no other offices.

17. TRANSFER AGENT

The Transfer Agent of the Company is Guaranty Trust Company of Canada, 366 Bay Street, Toronto 1, Ontario.

18. TRANSFER FEE

No fee is charged on stock transfers other than the customary government stock transfer tax.

19. REGISTRAR

The registrar of the Company is Guaranty Trust Company of Canada, 366 Bay Street, Toronto 1, Ontario.

20. AUDITORS

The auditors of the Company are Thorne, Gunn, Helliwell & Christenson, 101 Richmond Street West, Toronto 1, Ontario.

21. OFFICERS

The officers of the Company are

NAME	OFFICE	HOME ADDRESS
D. L. Chandler	Chairman of the Board	126 Warren Road, Toronto 7, Ontario
H. C. Mackay	President	159 Salisbury Avenue, Galt, Ontario
F. W. Simpson	Secretary-Treasurer	4 Thomas Street, Hespeler, Ontario
C. A. Thompson	Vice-President, Foundry Sales	R.R. #5, Galt, Ontario
N. A. Jones	General Manager, Foundry Divisions	172 Morrell Street, Brantford, Ontario

DIRECTORS

The Directors of the Company are

NAME	ADDRESS	OCCUPATION
D. L. Chandler	126 Warren Road Toronto 7, Ontario	Vice-President of Bache & Co. Incorporated
Eliot Janeway	311 East 50th Street New York, N.Y.	Economist
H. C. Mackay	159 Salisbury Avenue Galt, Ontario	President of Galt Malleable Iron Limited
H. J. Murphy	66 Dunvegan Road Toronto 7, Ontario	Solicitor Garvey, Ferriss and Murphy
K. E. Nelligan	119 Mosherville, Lake Road Mosherville, Michigan, U.S.A	Executive with Simpson Manufacturing Company of Litchfield, Michigan
F. W. Simpson	4 Thomas Street Hespeler, Ontario	Secretary-Treasurer of Galt-Malleable Iron Limited

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, Galt Malleable Iron Limited hereby applies for listing of the above-mentioned securities on the Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

GALT MALLEABLE IRON LIMITED

Per: "H. C. MACKAY", President



"F. W. SIMPSON", Secretary-Treasurer

CERTIFICATE OF OPTIONEE

To the best of my knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

Per: "D. L. CHANDLER"

Distribution of Common stock as of April 11, 1968:

Number	Shares
42 Holders of 1 — 24 share lots	558
142 " " 25 — 99 " "	8,622
70 " " 100 — 199 " "	8,446
38 " " 200 — 299 " "	8,160
11 " " 300 — 399 " "	3,380
45 " " 400 — 499 " "	18,070
15 " " 500 — 999 " "	8,877
<u>23</u> " " 1000 — up " "	<u>419,887</u>
<u>386</u> Shareholders	<u>Total shares 476,000</u>

AUDITORS' REPORT

To the Shareholders of
Galt Malleable Iron Limited

We have examined the consolidated balance sheet of Galt Malleable Iron Limited and its subsidiary companies as at December 31, 1967 and the consolidated statements of income, retained earnings, contributed surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Toronto, Canada
March 15, 1968

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

FINANCIAL STATEMENTS

GALT MALLEABLE IRON LIMITED

(Incorporated under the laws of Ontario)
and subsidiary companies

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1967

(with comparative figures at December 31, 1966)

ASSETS

	1967	1966
CURRENT ASSETS		
Cash	\$ 17,909	\$ 7,144
Marketable securities, at cost (quoted market value 1967, \$26,573; 1966, \$6,075)	27,379	5,400
Accounts receivable	740,342	724,070
Income tax refund claim (note 2)	196,493	
Bond subscriptions receivable and accrued interest	79,100	74,900
Pattern charges recoverable	14,882	14,882
Inventories (note 3)	702,200	684,455
Prepaid interest on income bonds and other prepaid expenses	39,460	70,726
	<u>1,817,765</u>	<u>1,581,577</u>
OTHER ASSETS		
Investments, at cost	210,000	210,000
Life insurance, cash surrender value		25,619
Special refundable tax	8,842	4,705
	<u>218,842</u>	<u>240,324</u>
FIXED ASSETS (note 4)		
Land	93,179	93,179
Buildings	1,677,210	1,634,865
Machinery and equipment	2,365,626	2,283,102
Tools and dies	11,971	10,635
Railway siding	3,951	3,951
	<u>4,151,937</u>	<u>4,025,732</u>
Less accumulated depreciation	1,037,369	895,687
	<u>3,114,568</u>	<u>3,130,045</u>
DEFERRED FINANCIAL EXPENSE, at cost less amortization	<u>4,736</u>	
	<u><u>\$5,155,911</u></u>	<u><u>\$4,951,946</u></u>

Approved on behalf of the Board:

"H. J. MURPHY", Director

"D. L. CHANDLER", Director

LIABILITIES

	<u>1967</u>	<u>1966</u>
CURRENT LIABILITIES		
Bank advances, against which book debts and inventories have been pledged	\$ 509,569	\$ 449,832
Accounts payable and accrued liabilities	451,127	409,579
Income and other taxes payable	386,980	338,008
Principal instalments due within one year on long-term debt	120,710	170,104
	<u>1,468,386</u>	<u>1,367,523</u>
PROVISION FOR RESTORATION OF GRAVEL SITE	3,000	
LONG-TERM DEBT (note 5)	1,465,000	1,662,365
DEFERRED INCOME TAXES (note 6)	141,390	163,440
MINORITY INTEREST IN PREFERENCE SHARES OF GALT-BRANTFORD MALLEABLE LIMITED	<u>390,000</u>	<u>390,000</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 7)

Authorized		
2,866 6% Cumulative sinking fund first preference shares, par value \$100, redeemable at up to \$105 per share (after giving effect to the redemption of 57 shares in 1967 and 185 shares in the preceding period)		
834 6¼ % Cumulative participating second preference shares, par value \$100, redeemable at up to \$105 per share (after giving effect to the redemption of 63 shares in 1967 and 30 shares in the preceding period)		
800,000 Common shares without par value		
Issued		
366 First preference shares (423 shares in 1966)	36,600	42,300
334 Second preference shares (397 shares in 1966)	33,400	39,700
476,000 Common shares	<u>571,610</u>	<u>571,610</u>
	641,610	653,610
CONTRIBUTED SURPLUS	130,537	140,877
RETAINED EARNINGS	915,988	574,131
	<u>1,688,135</u>	<u>1,368,618</u>
	<u>\$5,155,911</u>	<u>\$4,951,946</u>

GALT MALLEABLE IRON LIMITED

and subsidiary companies

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the fourteen months ended December 31, 1966)

	<u>1967</u>	<u>1966</u>
Sales	\$5,228,356	\$5,116,731
Income before undernoted items	831,593	692,800
Profit on disposal of fixed assets	4,499	
	<u>836,092</u>	<u>692,800</u>
Depreciation	150,907	158,234
Amortization of deferred financial expense	790	
Interest on long-term debt		
First mortgage income bonds (note 4)	93,616	
Other	36,420	50,340
	<u>281,733</u>	<u>208,574</u>
Income before income taxes	554,359	484,226
Income taxes (note 5)	214,117	280,879
NET INCOME FOR THE PERIOD	<u>\$ 340,242</u>	<u>\$ 203,347</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the fourteen months ended December 31, 1966)

	<u>1967</u>	<u>1966</u>
BALANCE AT BEGINNING OF PERIOD	\$ 574,131	\$ 381,916
Add		
Net income for the period	340,242	203,347
Discount on bonds purchased for cancellation	1,615	958
	<u>915,988</u>	<u>586,221</u>
Deduct adjustment of prior years' income tax provisions		12,090
BALANCE AT END OF PERIOD	<u>\$ 915,988</u>	<u>\$ 574,131</u>

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the fourteen months ended December 31, 1966)

	<u>1967</u>	<u>1966</u>
BALANCE AT BEGINNING OF PERIOD	\$ 140,877	\$ 139,877
Add discount on preference share redemptions		1,000
	<u>140,877</u>	<u>140,877</u>
Deduct		
Premium on preference share redemptions	90	
Bonus paid (note 8)	10,250	
	<u>10,340</u>	
BALANCE AT END OF PERIOD	<u>\$ 130,537</u>	<u>\$ 140,877</u>

GALT MALLEABLE IRON LIMITED

and subsidiary companies

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS**YEAR ENDED DECEMBER 31, 1967**

(with comparative figures for the fourteen months ended December 31, 1966)

	<u>1967</u>	<u>1966</u>
SOURCE OF FUNDS		
Operations		
Net income for the period	\$ 340,242	\$ 203,347
Items not involving a current outlay (inflow) of funds		
Depreciation and amortization	151,697	158,234
Reduction of deferred income taxes	(22,050)	(30,600)
	<u>469,889</u>	<u>330,981</u>
Issue of income bonds		1,100,000
Issue of sinking fund bonds	2,000	145,000
Advance from shareholder		24,655
Loan payable		87,814
Issue of capital stock		
By parent company		71,610
By subsidiary company to minority shareholders		50,000
Sale of fixed assets	1,196	4,085
Provision for restoration of gravel site	3,000	
Life insurance, cash surrender value	25,619	
	<u>501,704</u>	<u>1,814,145</u>
APPLICATION OF FUNDS		
Additions to fixed assets	136,626	578,920
Reduction of non-current portion of long-term debt	197,750	256,646
Preference shares redeemed (par value 1967, \$12,000; 1966, \$21,500)	12,090	20,500
Increase in investments		140,000
Bonus paid	10,250	
Increase in life insurance, cash surrender value		5,847
Special refundable tax	4,137	4,704
Deferred financial expense	5,526	
Adjustment of prior years' income tax provisions		12,090
	<u>366,379</u>	<u>1,018,707</u>
INCREASE IN WORKING CAPITAL POSITION	135,325	795,438
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF PERIOD	214,054	(581,384)
WORKING CAPITAL AT END OF PERIOD	<u>\$ 349,379</u>	<u>\$ 214,054</u>

GALT MALLEABLE IRON LIMITED

and subsidiary companies

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1967

1. BASIS OF CONSOLIDATION

The subsidiary companies are G.M.I. Properties Limited, a wholly owned subsidiary, and Galt-Brantford Malleable Limited, a controlled subsidiary.

2. INCOME TAX REFUND CLAIM

G.M.I. Properties Limited was assessed in 1966 for the years 1964 and 1965 on the basis of having received a benefit on the acquisition of fixed assets from the parent company. The subsidiary company has appealed the assessment and contends that the taxes paid amounting to \$196,493 (including interest) should be refunded.

3. INVENTORIES

	1967	1966
Raw materials and supplies	\$306,495	\$317,486
Work in process and finished goods	395,705	366,969
	<u>\$702,200</u>	<u>\$684,455</u>

Raw materials and supplies are valued at lower of cost and replacement cost. Work in process and finished goods are valued at lower of cost and net realizable value

4. FIXED ASSETS

Buildings, machinery and equipment are valued at appraised values at May 3, 1956, with subsequent additions at cost. Other fixed assets are at cost.

5. LONG-TERM DEBT

	1967	1966
5¼ % First mortgage sinking fund bonds due July 1, 1976	\$ 338,000	\$ 367,000
5½ % General mortgage sinking fund bonds due July 1, 1981 ..	305,500	323,500
	<u>643,500</u>	<u>690,500</u>
Less bonds purchased by company and not yet cancelled	51,500	4,500
	<u>592,000</u>	<u>686,000</u>
6¼ % and 6½ % First mortgage income bonds due		
January 15, 1974	942,000	1,034,000
Advance from shareholder	25,000	24,655
Loan payable	26,710	87,814
	<u>1,585,710</u>	<u>1,832,469</u>
Less principal instalments included in current liabilities	120,710	170,104
	<u>\$1,465,000</u>	<u>\$1,662,365</u>

The income bonds, of which \$860,000 bear interest at 6¼ % per annum and \$82,000 bear interest at 6½ % per annum, represent a liability of Galt-Brantford Malleable Limited and are secured under a deed of trust and mortgage and supplemental deed which provide a first charge against fixed assets and a floating charge on all other assets of the company.

Interest accruing on the outstanding income bonds is payable quarterly on the fifteenth days of January, April, July and October, subject to the deferment of payment thereof until such time as sufficient net income is available to provide for the payment of this liability. In the opinion of counsel interest is only payable to the extent that sufficient net income is earned by Galt-Brantford Malleable Limited to provide for the payment thereof, either before or after maturity of the income bonds, to the extent of said net income.

Based on net income available interest expense on the income bonds has been provided in 1967 in the amount of \$93,616. Of this amount \$37,571 relates to the year ended January 13, 1968, and \$56,045 to the year ended January 13, 1967. Full provision for interest expense would have been \$118,724. Of the payments on account of interest in the current year of \$62,679 (\$56,045 in 1967), \$25,108 (\$56,045 in 1967) is included in prepaid expenses and will either be recovered or applied against the liability which will arise upon the earning of net income

The company and its subsidiaries have agreed to certain regulation of the following activities:

- (a) Capital expenditures
- (b) Redemption of capital stock
- (c) Payment of dividends
- (d) Investments

Principal instalments on long-term debt due within each of the next five years are as follows:

1968.....	\$120,710
1969.....	135,802
1970.....	221,117
1971.....	146,421
1972.....	148,789

6. INCOME TAXES

It is the company's practice with respect to Galt Malleable Iron Limited and G.M.I. Properties Limited to claim for income tax purposes capital cost allowance in amounts differing from depreciation recorded in the accounts with the result that income taxes payable for the year have been increased and deferred income taxes reduced by \$22,050 (\$30,600 in the preceding period)

The income of Galt-Brantford Malleable Limited is exempt from income taxes for a three year period from January 14, 1966 to January 13, 1969 due to the fact that the company is operating in a designated area. Depreciation provided in the accounts since the inception of the company amounting to \$199,796 (\$97,853 in the preceding year) is available as a deduction for income tax purposes after the three year period has expired.

7. CAPITAL STOCK

Dividends on preference shares are paid to April 1, 1969, and are in arrears \$37,121, being \$52.00 per share on the first preference shares and \$54.16 per share on the second preference shares.

Options are outstanding to purchase 40,000 common shares at \$.75 per share. These options expire September 1, 1971.

8. BONUS PAID

In 1967 Galt Malleable Iron Limited paid \$10,250 as a bonus to a purchaser of certain preference shares of a subsidiary company, Galt-Brantford Malleable Limited.

9. COMPARABILITY OF FIGURES

Comparative figures for 1966 reflect operations of the parent company and G.M.I. Properties Limited for the fourteen months ended December 31, 1966 and operations of Galt-Brantford Malleable Limited for the year ended January 13, 1967.

These comparative figures have in some cases been reclassified in order to present them in a form comparable with those for 1967.

10. OTHER STATUTORY INFORMATION

The aggregate direct remuneration paid by the company and its subsidiaries to directors and senior officers of the company as defined by The Corporations Act of Ontario for the year ended December 31, 1967 was \$90,046.

GALT MALLEABLE IRON LIMITED
GALT-BRANTFORD MALLEABLE LIMITED
G.M.I. PROPERTIES LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 1968 (UNAUDITED)

ASSETS

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
Cash	\$ 300	300
Marketable Securities, at cost	45,375	7,361
Accounts Receivables — Net (Less allowance for doubtful accounts of \$3,000)	1,034,822	763,739
Pattern Charges Recoverable	14,882	14,882
Foundry Inventories	329,288	343,669
B & H Inventories	421,430	528,566
Prepaid Expenses	19,046	82,009
Advances to Affiliated Companies		
TOTAL CURRENT ASSETS	<u>1,865,143</u>	<u>1,740,526</u>
 SPECIAL REFUNDABLE TAX	 6,728	 5,748
INVESTMENTS	210,000	210,000
LIFE INSURANCE — C.S.V.		25,619
OTHER ASSETS — Deferred Charges	4,736	
 NOTES RECEIVABLE		
Land	93,179	93,179
Building and Machinery	4,054,807	3,917,967
Rail Siding	3,951	3,951
Current Additions	3,593	3,451
TOTAL FIXED ASSETS	<u>4,155,530</u>	<u>4,018,548</u>
Less: Accumulated Depreciation	1,037,369	895,687
Current Year Depreciation	31,688	31,398
NET FIXED ASSETS	<u>3,086,473</u>	<u>3,091,463</u>
TOTAL ASSETS	<u><u>5,173,080</u></u>	<u><u>5,073,356</u></u>

LIABILITIES

	<u>THIS YEAR</u>	<u>LAST YEAR</u>
Bank Loan	513,501	337,826
Accounts Payable	295,531	297,445
Sales Tax Payable		2,415
Accrued Wages	132,497	83,151
Employee's Accruals	33,077	39,412
Other Accruals	89,122	81,263
Income Taxes Payable	123,527	383,041
Advances from Affiliated Companies		
Principal instalments due within one year on long-term liabilities	108,948	190,000
TOTAL CURRENT LIABILITIES	<u>1,296,203</u>	<u>1,414,553</u>
DEFERRED INCOME TAX LIABILITY	135,690	157,740
Notes Payable	16,948	92,469
Less: Principal instalments due within one year included under current liabilities	16,948	60,000
LONG TERM NOTES PAYABLE	—	32,469
First Mortgage and/or Income Bonds	1,247,000	1,398,000
General Mortgage Bonds	278,000	320,000
Less: Principal instalments due within one year included under current liabilities	92,000	130,000
TOTAL FUNDED DEBT	<u>1,433,000</u>	<u>1,588,000</u>
Class "A" Preference Shares	390,000	390,000
First Preference Shares	35,600	42,300
Second Preference Shares	33,400	36,700
Common Shares	571,610	571,610
TOTAL CAPITAL STOCK	<u>1,030,610</u>	<u>1,040,610</u>
Contributed Surplus	130,537	140,877
Capital Surplus	2,700	400
Earned Surplus	915,988	574,131
Profit and Loss Current Year	228,352	124,576
TOTAL SURPLUS	<u>1,277,577</u>	<u>839,984</u>
TOTAL SHAREHOLDERS' EQUITY	<u>2,308,187</u>	<u>1,880,594</u>
TOTAL LIABILITIES	<u>5,173,080</u>	<u>5,073,356</u>

"H. C. MACKAY", Director

"DAVID L. CHANDLER", Director

GALT MALLEABLE IRON LIMITED
GALT-BRANTFORD MALLEABLE LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the Month of March 31, 1968 and Year-to-Date*

	MONTH THIS YEAR	MONTH LAST YEAR	YEAR TO DATE THIS YEAR	YEAR TO DATE LAST YEAR
NET SALES	\$567,808	\$460,873	\$1,677,110	\$1,247,998
Less: COST OF SALES	420,239	370,920	1,220,163	911,161
GROSS PROFIT	147,569	89,953	456,947	336,837
Less Comm. Exp.	38,581	29,599	119,301	92,348
	108,988	60,354	337,646	244,489
Add: Other Income	2,873	972	7,424	3,398
	111,861	61,326	345,070	247,887
Less:				
Other Charges	4,197	4,656	11,994	11,022
Bond Interest	9,403	8,224	23,832	22,152
SALES MARGIN	98,261	48,446	309,244	214,713
Less: Depreciation	11,935	11,765	31,688	31,398
	86,326	36,681	277,556	183,315
Less: Taxes on Income	14,748	19,628	49,705	63,874
Profit: Sale of Securities				
NET to SURPLUS ACCOUNT	<u>71,578</u>	<u>17,053</u>	<u>227,851</u>	<u>119,441</u>
Income Tax as per Statement of Profit and Loss				49,705
Repayment of Deferred Income Tax Liability due to				
Loss of Tax Allowable Depreciation				5,700
Income Tax Payable as per Balance Sheet				<u>55,405</u>

*The above consolidated statement of Profit and Loss for the year to date represents a full 3 months period for Galt Malleable Iron Limited and a period from Jan. 14th to March 31st for Galt-Brantford Malleable Limited a wholly owned subsidiary.

